
By: **Delegate Parrott**

Introduced and read first time: March 1, 2004

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction for Health Insurance Costs of Individuals**
3 **Receiving Federal Health Coverage Tax Credit**

4 FOR the purpose of providing a subtraction modification for Maryland income tax
5 purposes for certain amounts paid for health insurance by individuals receiving
6 a certain federal health coverage tax credit; providing for the application of this
7 Act; and generally relating to an income tax subtraction modification for certain
8 amounts paid for health insurance by individuals receiving a certain federal
9 health coverage tax credit.

10 BY repealing and reenacting, without amendments,
11 Article - Tax - General
12 Section 10-208(a)
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2003 Supplement)

15 BY adding to
16 Article - Tax - General
17 Section 10-208(q)
18 Annotated Code of Maryland
19 (1997 Replacement Volume and 2003 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Tax - General**

23 10-208.

24 (a) In addition to the modification under § 10-207 of this subtitle, the
25 amounts under this section are subtracted from the federal adjusted gross income of
26 a resident to determine Maryland adjusted gross income.

27 (Q) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF AN
28 INDIVIDUAL IS ALLOWED A HEALTH COVERAGE TAX CREDIT AGAINST THE FEDERAL

1 INCOME TAX UNDER § 35 OF THE INTERNAL REVENUE CODE FOR THE TAXABLE YEAR,
2 THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
3 AMOUNT BY WHICH THE AMOUNT PAID BY THE INDIVIDUAL FOR THE TAXABLE YEAR
4 FOR QUALIFIED HEALTH COVERAGE OF THE INDIVIDUAL AND QUALIFYING FAMILY
5 MEMBERS EXCEEDS THE AMOUNT OF THE HEALTH COVERAGE TAX CREDIT
6 ALLOWED FOR THE TAXABLE YEAR.

7 (2) FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION, THE
8 AMOUNT PAID BY THE INDIVIDUAL FOR THE TAXABLE YEAR FOR QUALIFIED HEALTH
9 COVERAGE DOES NOT INCLUDE:

10 (I) ANY AMOUNT PAID USING A DISTRIBUTION FROM AN ARCHER
11 MSA, AS DEFINED IN § 220 OF THE INTERNAL REVENUE CODE; OR

12 (II) ANY AMOUNT FOR WHICH THE INDIVIDUAL OTHERWISE
13 RECEIVES REIMBURSEMENT OR COMPENSATION.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2004, and shall be applicable to all taxable years beginning after December 31,
16 2003.